

ALLTEL PETITIONS FOR ETC STATUS

- 4 ALLTEL ETC petitions pending.
 - Comment cycle closed as to Alabama and Virginia applications since July 14.
 - North Carolina and Georgia applications completed with amendment to Georgia application filed on Sept. 15.
- ALLTEL's ETC petitions are fully consistent with FCC precedent and present no new policy or public interest issues that should delay expeditious approval. Because petitions meet Section 214(e)(1) criteria, ETC status is per se in the public interest as to non-rural service areas. For rural areas, ALLTEL's designation as an ETC meets the public interest requirement of Section 214(e)(6) under past ETC orders because of the introduction of competition, larger local calling areas, a variety of calling plans and health and safety benefits of wireless services in rural areas, especially areas now poorly served by ILECs.
- The opponents' stay requests as to Alabama and Virginia petitions are procedurally defective and a delaying tactic that has been repeatedly rejected in previous ETC proceedings. No basis to stay or delay consideration of petitions pending FCC/Joint Board proceedings.
 - Any changes adopted by the FCC/Joint Board, including possible reduction in support, will be applied to ALLTEL and all other ETCs at that time. Granting ETC status now is consistent with current rules and existing ETC certifications of other wireless ETCs and does not close off any reform options.
 - The FCC cannot stay consideration of pending petitions while the Joint Board reviews issues of general future applicability outside the scope of the instant proceedings (*RCC, Cellular South*). A stay would violate the FCC's obligation to assure comparable treatment to similarly situated parties. Some wireless competitors of ALLTEL have already received ETC status in Alabama and are receiving high cost funds, thereby placing ALLTEL at a competitive disadvantage.
 - A stay would abrogate FCC's informal commitment to resolve ETC petitions within six months and harm consumers by hindering the development of competition and availability of services in high-cost, rural areas.
- Oppositions to ALLTEL's Virginia and Alabama applications, which include untimely oppositions filed as Reply Comments, fail to rebut Section 214(e)(1) or public interest showings.
 - Recent Michigan PSC Order granting ALLTEL ETC status underscores that "designating ALLTEL as an ETC is in the public interest because it is likely to promote competition and provide benefits to customers in rural and high-cost areas by increasing customer choice, while promoting innovative services and new technologies, and encouraging affordable telecommunications services."

- ILECs' public interest arguments distort the express purposes of the 1996 Act with regard to USF support. Such support is not to be the sole province of the ILECs, which are projected to receive 30 times the high-cost support projected for wireless ETCs in 2003, but rather is intended to provide an "evolving" level of service and facilitate both consumer choice and competition among carriers. As Mich. PSC pointed out, "[t]o the extent that the opposing parties are concerned about the effects on themselves of competition from wireless carriers, the Commission does not agree that the public interest requires that they be protected from competition."
- Fact that ALLTEL is already providing wireless service does not mean that there will be no public benefits from ETC status. Support will enable ALLTEL to build out in rural unserved areas.
- Opponents' position undermines the competitive implications of wireless LNP. Once intermodal ports are possible, a wireless carrier actually will be positioned to capture the high cost line from an ILEC. Consequently, the wireless carrier should receive ETC status in order to draw the high cost support associated with the captured high cost line.
- ALLTEL's request for ETC status in Alabama is consistent with precedent and makes all necessary showings under Section 214(e).
 - ALLTEL's commitment to provide and advertise the availability of all services supported by the universal service mechanism meets Section 214 criteria in a technologically neutral manner.
 - The public interest will benefit from ALLTEL's designation as an ETC, as discussed above (*RCC, Cellular South*). ALLTEL has larger licensed service area than other wireless ETCs in Alabama. Alabama LECs incorrectly assert that designating ALLTEL as an ETC will harm consumers. The Bureau previously rejected all of the arguments of, and population density data provided by, the Alabama LECs (*RCC, Cellular South*).
 - Designating ALLTEL as an ETC will not result in rural cream skimming.
 - ALLTEL is not "picking and choosing" which areas to serve; it has committed to providing service throughout its licensed area. Furthermore, the affected ILECs can file disaggregation plans to target per-line support below the study area level. Accordingly, and consistent with FCC precedent, there is no incentive or opportunity for ALLTEL to intentionally cream skim. (*RCC, Cellular South*)
 - Facts also show that designating ALLTEL as an ETC will not result in inadvertent cream skimming. The majority of ALLTEL's service area is in high-cost areas; ALLTEL is not attempting to serve only the high-density, low-cost portions of the affected areas to the exclusion of high-cost areas. Moreover, for those ILEC service areas that ALLTEL will be only partially serving, Exh. A to ALLTEL's Reply Comments shows that the portions ALLTEL will be serving are generally no more densely populated than the portions lying outside ALLTEL's proposed service area,

and all but one of those ILECs have filed disaggregation and targeting plans, further limiting any opportunities to cream skim. (*RCC, Cellular South*)

- ALLTEL's request to redefine the study areas that it will be partially serving on a wire center by wire center basis will minimize the opportunity and incentive to cream skim. Redefining the study areas will not harm the affected ILECs and is consistent with FCC precedent. (*RCC, Cellular South*)
- The mobility of wireless telephones benefits consumers by providing novel alternatives and competition, rather than, as the Alabama LECs contend, undermining the USF. (*RCC, Cellular South*).
- CenturyTel and OPASTCO largely echo Alabama LECs' arguments. Claim that ALLTEL will receive "double" support as an ILEC and an ETC ignores that ALLTEL also contributes to USF support, and the same objection could be made against Verizon Wireless' ETC designation in Delaware or any other wireless ETC with a wireline affiliate in the same study area.
- ALLTEL's request for ETC status in Virginia is consistent with precedent. Verizon's claim that the interstate access support (IAS) fund will be in jeopardy by granting ALLTEL's petition is untrue and self-serving. The *CALLS Order* explicitly contemplated that wireless ETCs serving price cap areas would be eligible for IAS. Furthermore, the FCC properly has never denied an ETC petition of a wireless carrier serving a price cap area for this reason. *See, e.g., Cellco.*